



DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-943, C-570-944]

Oil Country Tubular Goods from the People's Republic of China: Preliminary Affirmative Determinations of Circumvention

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that imports of welded oil country tubular goods (OCTG) completed in Brunei or the Philippines using inputs manufactured in the People's Republic of China (China) are circumventing the antidumping and countervailing duty orders on OCTG from China.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Yang Jin Chun or John Drury, AD/CVD Operations Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5760 and (202) 482-0195, respectively.

SUPPLEMENTARY INFORMATION:

Background

On November 3, 2020, Commerce self-initiated these anti-circumvention inquiries to determine whether certain imports of welded OCTG completed in Brunei or the Philippines using inputs manufactured in China are circumventing the antidumping and countervailing duty orders on OCTG from China.¹

Scope of the Orders

¹ See *Oil Country Tubular Goods from the People's Republic of China: Self-Initiation of Anti-Circumvention Inquiries on the Antidumping Duty and Countervailing Duty Orders*, 85 FR 71877 (November 12, 2020).

The products covered by the orders are certain OCTG, which are hollow steel products of circular cross-section, including oil well casing and tubing, of iron (other than cast iron) or steel (both carbon and alloy), whether seamless or welded, regardless of end finish. A full description of the scope of the orders is contained in the Preliminary Decision Memorandum.² The written description is dispositive.

Scope of the Anti-Circumvention Inquiries

These anti-circumvention inquiries cover welded OCTG completed in Brunei or the Philippines using inputs manufactured in China and subsequently exported from Brunei or the Philippines to the United States.

Methodology

Commerce is conducting these anti-circumvention inquiries in accordance with section 781(b) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.225(h). Because China is a non-market economy country within the meaning of section 771(18) of the Act, Commerce relied on surrogate values to value the purchases of Chinese hot-rolled steel, as discussed in section 773(c) of the Act. For a complete description of the events that followed the initiation of these anti-circumvention inquiries, *see* the Preliminary Decision Memorandum. A list of topics included in the Preliminary Decision Memorandum is included as an Appendix to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>.

Preliminary Determinations

² See Memorandum, "Oil Country Tubular Goods from the People's Republic of China: Decision Memorandum for Preliminary Affirmative Determinations of Circumvention," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum) at 3.

As detailed in the Preliminary Decision Memorandum, Commerce preliminarily determines that welded OCTG assembled or completed in Brunei or the Philippines using inputs manufactured in China and subsequently exported from Brunei or the Philippines to the United States are circumventing the antidumping and countervailing duty orders on OCTG from China. We therefore preliminarily determine that it is appropriate to include this merchandise within the antidumping and countervailing duty orders on OCTG from China and to instruct U.S. Customs and Border Protection (CBP) to suspend entries of merchandise produced using Chinese inputs in a third country, *i.e.*, Brunei or the Philippines, and exported to the United States.

Suspension of Liquidation

As stated above, Commerce has made preliminary affirmative findings of circumvention of the antidumping and countervailing duty orders on OCTG from China for welded OCTG completed in Brunei or the Philippines using inputs manufactured in China and subsequently exported from Brunei or the Philippines to the United States. These preliminary circumvention findings apply to welded OCTG assembled or completed in Brunei or the Philippines using inputs manufactured in China and subsequently exported from Brunei or the Philippines to the United States. In accordance with section 19 CFR 351.225(l)(2), Commerce will direct CBP to suspend liquidation and to require a cash deposit of estimated duties on unliquidated entries of welded OCTG completed in Brunei or the Philippines using inputs manufactured in China, subsequently exported from Brunei or the Philippines to the United States, and entered, or withdrawn from warehouse, for consumption on or after November 3, 2020, the date of initiation of these anti-circumvention inquiries. The suspension of liquidation will remain in effect until further notice. For entries of such merchandise produced in Brunei or the Philippines, Commerce will instruct CBP to require antidumping duty cash deposits equal to the rate

established for the China-wide entity, *i.e.*, 99.14 percent,³ and countervailing duty cash deposits equal to the current all-others rate, *i.e.*, 27.08 percent.⁴

Welded OCTG assembled or completed in Brunei or the Philippines using non-Chinese inputs is not subject to these anti-circumvention inquiries. However, because the mandatory respondents are unable to track welded OCTG to the country of origin of inputs used in the production of welded OCTG,⁵ Commerce will not implement a certification process at this preliminary stage, and Commerce will require cash deposits on all entries of welded OCTG from Brunei and the Philippines.⁶ However, we intend to implement a certification process in the future for any companies that may be established in Brunei or the Philippines, and we plan to issue draft certifications shortly after these preliminary determinations of circumvention. With respect to the mandatory respondents, Commerce will reconsider eligibility to participate in a certification process if a party demonstrates in a future segment of the proceeding (*i.e.*, a changed circumstances review or an administrative review) that the OCTG being entered into the United States that it produces is not produced using Chinese inputs. Interested parties are invited to comment on this issue in their case briefs.

Public Comment

Commerce intends to disclose the analysis used in these preliminary findings within five days of publication of this notice. Interested parties are invited to comment on the preliminary determinations of these anti-circumvention inquiries. Pursuant to 19 CFR 351.309(b)(2), interested parties may submit case briefs not later than 30 days after the date of publication of this notice. Rebuttal briefs, limited to issues raised in the case briefs, may not be filed later than

³ See *Oil Country Tubular Goods from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2017-2018*, 84 FR 32125, 32126 (July 5, 2019).

⁴ See *Oil Country Tubular Goods from the People's Republic of China: Notice of Court Decision Not in Harmony With the Amended Final Determination of the Countervailing Duty Investigation*, 82 FR 25770 (June 5, 2017).

⁵ See, e.g., HLDS (B) Steel Sdn. Bhd.'s Letter, "HLDSB Initial Questionnaire Response," dated March 16, 2021 at 25; and HLD Clark Steel Pipe Co., Inc.'s Letter, "HLD Clark Initial Questionnaire Response," dated March 16, 2021 at 26.

⁶ See, e.g., *Diamond Sawblades and Parts Thereof from the People's Republic of China: Final Determination of Anti-Circumvention Inquiry*, 84 FR 33920, 33921 (July 16, 2019).

seven days after the time limit for filing case briefs.⁷ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case or rebuttal briefs in these anti-circumvention inquiries are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined. Parties should confirm the date and time of the hearing two days before the scheduled date of the hearing.

International Trade Commission Notification

Consistent with section 781(e) of the Act, Commerce will notify the International Trade Commission (ITC) of these preliminary determinations to include the merchandise subject to these anti-circumvention inquiries within the antidumping and countervailing duty orders on OCTG from China. Pursuant to section 781(e) of the Act, the ITC may request consultations concerning Commerce's proposed inclusion of the subject merchandise. If, after consultations, the ITC believes that a significant injury issue is presented by the proposed inclusion, it will have 60 days from the date of notification by Commerce to provide written advice.

Final Determinations

According to section 781(f) of the Act, Commerce shall, to the maximum extent practicable, make its anti-circumvention determination within 300 days from the date of the

⁷ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements); *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19*, 85 FR 17006 (March 26, 2020); and *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

initiation of the inquiry.⁸ Due to the complicated nature of these anti-circumvention inquiries, we are hereby extending the deadline for the final determinations of these anti-circumvention inquiries by 50 days. Therefore, Commerce intends to issue the final determinations of these anti-circumvention inquiries to October 28, 2021.

These preliminary affirmative circumvention determinations are published in accordance with section 781(b) of the Act and 19 CFR 351.225(f).

Dated: August 4, 2021.

Christian Marsh,
Acting Assistant Secretary for Enforcement and Compliance.

⁸ See also 19 CFR 351.225(f)(iii)(5) (explaining that Commerce will issue a final anticircumvention ruling “normally within 300 days from the date of the initiation of the... inquiry”).

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Orders
- IV. Scope of the Anti-Circumvention Inquiries
- V. The Period of Inquiries
- VI. Surrogate Country and Valuation Methodology for Inputs from China
- VII. Statutory Framework
- VIII. Statutory Analysis
- IX. Other Statutory Criteria
- X. Summary of Statutory Analysis
- XI. Country-Wide Determinations
- XII. Recommendation

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